



**School Nutrition Program (SNP) Supply Chain Assistance (SCA) Funds, Local Food Hub Option**

**BACKGROUND:**

Many operators of the National School Lunch Program (NSLP) and School Breakfast Program (SBP) have been experiencing unprecedented challenges in purchasing and receiving food through their normal distribution channels. To assist school districts experiencing these supply chain disruptions, FNS has allocated relief funding to State agencies, made available through the Commodity Credit Corporation (CCC) and authorized under the CCC Charter Act [15 U.S.C. 714]. These resources will be referred to as Supply Chain Assistance (SCA) funds.

Many program operators have already benefited from SCA funds through the direct allocation of funding, to be spent at the local level on allowable expenses. In addition to this direct funding, the USDA also allowed a discretionary allocation option for state agencies to support local food procurement. RIDE will use up to 10 percent of the state's overall SCA allocation for the centralized procurement of unprocessed and minimally processed local foods for use by SFAs in the school meal programs. RIDE will administer this additional SCA assistance via a partnership with a local food hub. SFAs who participate in the SCA, local food hub option, will be able to purchase allowable foods directly from the local food hub vendor selected by RIDE, based on a predetermined allocation of funding.

Below are some questions and answers related to this program. The QA includes answers adapted from USDA guidance received by RIDE and responses to anticipated questions. Any additional questions can be directed to Jessica Patroliia at [Jessica.patroliia@ride.ri.gov](mailto:Jessica.patroliia@ride.ri.gov) or Dalila Townes at [dalila.townes@ride.ri.gov](mailto:dalila.townes@ride.ri.gov).

**Questions:**

**1. How is the SCA "local food hub option" different from previous rounds of SCA funding administered by RIDE?**

In SY21-22, RIDE distributed SCA funds to eligible SFAs and offered reallocated SCA funds via a direct allocation of funding to be spent at the local level on allowable expenses. While funds under the SCA local food hub option are authorized as part of the same relief package as previous SCA funds, these funds will be distributed and expended through an alternate method, which will all RIDE to centrally procure unprocessed and minimally processed local foods for distribution to SFAs.

SFAs electing to participate in the SCA program, local food hub option, will receive funding via credit on an established account with the selected food hub vendor. SFAs will be able to place orders for qualifying local food items with the selected local food hub vendor and will draw down from their SCA funding balance with each purchase until the balance has been fully expended. The selected vendor will invoice and report to RIDE directly for funds spent under this program.

**2. Who is eligible for this program?**

In order to be eligible to receive funding under this program, SFAs must meet the criteria as outlined in the CCC Charter Act. Eligibility criteria include the requirements that SFAs are currently operating the NSLP and/or SBP and are experiencing supply chain disruptions and related financial difficulties/need.

However, SFAs that do not operate these Child Nutrition Programs are not eligible for this assistance.

Note: the Seamless Summer Option (SSO) is a component of the NSLP and participation in this program does qualify a Sponsor as “currently operating the NSLP.”

**3. Am I eligible to participate in the SCA “local food hub option” if my district has already received SCA funds during FY22? If so, what do I have to do to receive these funds?**

Yes, SFAs that have already received SCA funds are also eligible to participate in the “local food hub option” as long as they continue to operate the NSLP and/or SBP.

Since SFAs that have received funding under previous rounds of the SCA program have already submitted the required assurances to RIDE, in order to participate in the local food hub option, these SFAs must only respond via email to [Jessica.patrolia@ride.ri.gov](mailto:Jessica.patrolia@ride.ri.gov) indicating their intent to opt in to these additional funds by August 19, 2022.

**4. Am I eligible to participate in the SCA “local food hub option” if my district did not participate in previous rounds of SCA funding? If so, what do I have to do to receive these funds?**

Yes, if your district meets the eligibility criteria outlined in question 1 of this document, you are eligible to participate in the SCA local food hub option even if you did not participate in previous rounds of SCA funding.

For SFAs that have not participated in previous rounds of SCA funding, in order to receive these funds the SFA must return the Assurance Statement to RIDE by August 19, 2022. By signing and returning the assurance statement the SFA is affirming the below:

- The SFA is experiencing supply chain disruptions and related financial difficulties/need;
- The SFA will only use funds to purchase domestic unprocessed or minimally processed foods;
- The SFA will not use funds for any labor, indirect, or other administrative expenses;
- The SFA will comply with all recordkeeping and review requirements per 7 CFR 210.9(b)(17) and 7 CFR 210.18, which would include maintaining documentation demonstrating the appropriate use of SCA funds; and
- The SFA will comply with all applicable Federal procurement and financial management requirements per 2 CFR 200

**5. Am I required to accept these funds?**

No. SFAs may elect to receive SCA funds from their RIDE but are not required to do so. Should an SFA decline or otherwise not accept their allocation, their SCA funds will become available for reallocation to other SFAs by RIDE.

**6. Can I accept less than the full amount of the SCA funding allocation?**

Yes. SFAs may choose to accept an amount of SCA funding than is less than the initial allocation determined by the funding calculation. SFAs wishing to accept an amount less than the initial allocation should contact Jessica Patrolia at [Jessica.patrolia@ride.ri.gov](mailto:Jessica.patrolia@ride.ri.gov).

**7. How will my funding be calculated?**

The payment will be calculated using similar methodology employed for previous rounds of SCA funding, based on USDA guidance. Each eligible SFA that responds to RIDE by August 19, 2022 with the required process for opting in will initially be allocated a to-be-established base funding level. The remaining funds will be allocated proportionately based on each SFA's share of student enrollment reflective of October 2021, based on the pool of participating SFAs only.

**8. What are some examples of allowable products that SFAs may have access to using their Supply Chain Assistance (SCA), local food hub option funds?**

SCA, local food hub option funds must be used exclusively for the purchase of local food products that are unprocessed or minimally processed. Examples of some allowable food products include fluid milk and other dairy foods such as cheese and yogurt; fruits and vegetables (including 100% juices); grain products such as pastas and rice; meats (whole, pieces, or food items such as ground meats); and meat alternates such as beans or legumes. Foods in a wide variety of minimal processing states (e.g., whole, cut, pureed, etc.) and/or forms (e.g., fresh, frozen, canned, dried, etc.) are allowable. The selected local food hub will establish an ordering catalog comprised of only allowable local food products for each SFA participating in the SCA, local food hub option.

**9. What are some examples of food products that are not permitted to be purchased using SCA funds?**

Foods that are generally understood to be significantly processed or prepared may not be purchased using SCA funds. For example, crushed tomatoes, shredded cheese, whole-wheat flour, and sliced vegetables are all food items that are individually allowable, but a pre-made pizza comprised of those ingredients would not be allowable. Other examples of unallowable products include baked goods such as breads, muffins, or crackers; pre-packaged sandwiches or meals; or other prepared and/or pre-cooked items such as chicken nuggets, that come ready-to-eat or that require no further preparation beyond heating.

**10. For which Child Nutrition Programs may local foods procured with SCA funds be used to support the service of meals and snacks?**

SCA funds are available only to SFAs operating the NSLP and/or SBP and may only be used by SFAs for service in those programs. This includes the NSLP Seamless Summer Option (SSO) and NSLP Afterschool Snacks, as these are components of the NSLP.

As such, if an SFA operating NSLP and/or SBP operates other Child Nutrition Programs (i.e. the Special Milk Program, the Fresh Fruit and Vegetable Program, the Summer Food Service Program, and/or the Child and Adult Care Food Program), foods purchased under the SCA, local food hub option may not be used in conjunction with those programs (i.e. the SFA must limit the use of these local food products to support only the NSLP/SBP meal service).

**11. Are non-food costs that are essential to the procurement of unprocessed or minimally processed domestic food products allowable when using SCA funds?**

Yes. Incidental costs (such as those related to shipping and handling or packaging) that are a part of

the normal or customary purchase price charged by a vendor for any given food product are an allowable use of SCA funds.

**12. Can SFAs opt in to SCA, local food hub option funds if they utilize contracts to procure vended meals and/or the services of a Food Service Management Company, and are there any specific recordkeeping requirements that must be observed?**

In situations where an SFA has a FSMC, or a vended meal contract, the SFA may elect to participate in the SCA, local food hub option. Here are some scenarios outlining how SFA participation in the SCA, local food hub option might look and the recordkeeping requirements associated with each scenario:

**The SFA receives meals through a cost reimbursable contract with an FSMC:** In this scenario, it is most likely that the SFA will allow the FSMC to manage SCA, local food hub option funds similarly to the management of funds received under the USDA's DoD Fresh Produce program. An account will be set up at with the selected food hub vendor in the SFA's name with a credit balance as established by RIDE. The FSMC will be an authorized purchaser on this account and will place orders and manage inventory as with any other established vendor. The FSMC will retain delivery slips detailing the products received under this program as well as production and inventory records detailing the use of product received to support the production of NSLP/SBP meals only. The FSMC will credit by disclosure the value of SCA, local food hub option funds utilized via the monthly invoicing process. As with USDA Foods, it is the SFA's responsibility to ensure that the FSMC is fully and appropriately utilizing the allocated balance and that the SFA is receiving full credit for product received.

**The SFA receives meals through a fixed price contract with an FSMC or commercial food vendor:** In this scenario, it is most likely that the SFA will allow the FSMC/vendor to manage SCA, local food hub option funds similarly to the management of USDA Commodity Foods. An account will be set up with the selected food hub vendor in the SFA's name with a credit balance as established by RIDE. The FSMC/vendor will be an authorized purchaser on this account and will place orders and manage inventory as with any other established vendor. The FSMC will retain delivery slips detailing the products received under this program as well as production and inventory records detailing the use of product received to support the production of NSLP/SBP meals only. The FSMC will credit the SFA for the value of SCA, local food hub option funds utilized via a credit on the monthly invoice. As with USDA Foods, it is the SFA's responsibility to ensure that the FSMC is fully an appropriately utilizing the allocated balance and that the SFA is receiving full credit for product received.

**The SFA receives vended meals through an SFA to SFA agreement:** In this scenario, it is most likely that the recipient SFA will allow the vending SFA to manage SCA, local food hub option funds. An account will be set up with the selected food hub vendor in the SFA's name with a credit balance as established by RIDE. The vending SFA will be an authorized purchaser on this account and will place orders and manage inventory as with any other established vendor. The vending SFA will retain delivery slips detailing the products received under this program as well as production and inventory records detailing the use of product received to support the production of NSLP/SBP meals for the recipient SFA only. The vending SFA will credit the recipient SFA for the value of SCA, local food hub option funds utilized via a credit on the monthly invoice. It is the recipient SFA's responsibility to ensure that the vending SFA is fully an appropriately utilizing the allocated balance and that the recipient SFA is receiving full credit for product received.

**13. What is the CFDA # associated with this program?**

The CFDA # associated with the Supply Chain Assistance grant is 10.555 (same as National School Lunch Program).

**14. When must allocated SCA, local food hub option funds be spent by?**

Final orders with Farm Fresh RI must be placed by December 23, 2023 in order to allow for RIDE to liquidate all obligations within the closeout period specified by USDA.

**15. What records must SFAs retain in connection with their receipt and use of SCA, local food hub option funding?**

All SFAs are required to maintain purchasing and other records for review and audit purposes. This documentation must reflect that purchases made by SFAs are consistent with the purpose of the SCA funding, i.e., for local unprocessed or minimally processed food products solely to support meals produced and served under NSLP/SBP. SFAs must retain regular records pertaining to its school food service as required by 7 CFR 210.9(b)(17). This may include invoices, receipts, production records and other documents.

**REFERENCES**

USDA Policy Memo SP 03-2022: Allocation of Supply Chain Assistance (SCA) Funds to Alleviate Supply Chain Disruptions in the School Meals Programs